

REACH Implementation Opinion Statement
Issue Number 1 Dated 23rd March 2006

Lake Chemicals and Minerals Ltd. continues to be actively informed of the timing and consequences of the REACH legislation. We have been active in providing constructive criticism directly to the European regulatory team, through the LEL-Group, and by voicing our opinions through our trade association, the British Chemical Distributors and Traders Association (BCDTA).

This document is an opinion statement only and is not meant to guide the decision making process at customers or manufacturers or any other person or company who may read this. As REACH is an ongoing process it has to be true that this statement will be out of date in certain respects as soon as it is written. Lake will endeavour to provide updated information when it becomes available. We strongly recommend that a senior responsible person in your organisation starts to gather information now.

The current version of the REACH legislation is close to being the final version. Having made that statement it is also clear that the “devil is in the detail” and some of the detail is yet to be finalised. **REACH legislation is expected to be law in 2Q07 (D-day)**. The EU has already started the process of setting up the governing regulatory body (Central Agency) of chemical consultants in Helsinki which is expected to be operational i.e. overseeing the implementation of REACH, in 2Q08.

In 1Q08 the pre-registration phase would start whereby each company is asked to provide details on chemicals used, sold including volumes and perhaps applications. Pre-registration costs could be £100+ per chemical and may be open for 6 months.

REACH will deal with the registration of the most harmful (CMR) and highest tonnage (>1000 t.p.a) chemicals first and these must be registered with full toxicological studies (the Central Agency can ask for any tests that seem reasonable) within the period D-day+3 years. Chemicals with tonnages >100 t.p.a. have D-day+6 years and >10 t.p.a. D-day+11 years as the time to register.

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All information, including estimated costs, is provided in good faith and without warranty. 2 of 2

Whether the tonnages are aggregate across companies, countries or individual companies has yet to be decided: an important detail.

The following classes of chemicals are currently exempt from registration:

- Monomers bound into polymers at <2%
- Polymers
- Food and food ingredients
- Waste and certain recycled materials
- Minerals, ores and ore concentrates
- Substances needed in the interests of defence

All test data will come under the One Substance One Registration (OSOR) banner to minimise animal testing and testing costs generally. Which companies will co-register products in consortia is an important detail. Costs per chemical could be low for harmless chemicals where perhaps data available on the MSDS will suffice. However, above 10 t.p.a each chemical registration could cost £100,000 and above 100 t.p.a perhaps £200,000 per chemical. These costs do not include the internal company administration costs or the costs of expert advice that may be needed.

At this stage it is easy to be pessimistic, however, the best job we can all do at the moment is to take an inventory of all the chemicals that go through our businesses, and, keep abreast of further developments. Lake Chemicals and Minerals Ltd. will be pleased help you to find answers to questions.

Let's not forget that all articles (pens, shirts, cars, etc.) that enter the European Union must be made of chemicals that have been registered. If you work out how to control that one please let us know.

There is a slim chance that acceptance of the REACH proposals will be slowed down in the EU legislation machinery, or even scrapped completely, but this is unlikely. There is no doubt that the next 15 years will be a testing time for any company selling or using chemicals. You can however be sure that Lake Chemicals and Minerals Ltd. will be working through the process to ensure our customers are still trading in 15 years time and beyond.

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